

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1830 - HB 1908

February 26, 2018

SUMMARY OF BILL: Requires owners of property that is used as an intermediate care facility (ICF) for individuals with intellectual disabilities (IDD) and is exempt from local property taxes to agree to pay payment in lieu of tax (PILOT) to the local taxing jurisdictions in which the facilities are located if located in a county where the population of the county divided by the number of ICFs is less than 8,000. If no agreement is reached, requires PILOT to be no less than 25 percent of the amount of the taxes that would be due if the property were not exempt.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$5,900

Increase Federal Expenditures – \$11,300

Increase Local Revenue – Exceeds \$22,500

Assumptions:

- Based on information provided by the Division of TennCare (Division), a total of 96 Medicaid-funded beds currently exempt from property taxation are located in counties meeting the provisions of this legislation.
- Based on information provided by the Division, the Division currently pays an average of \$715 in local property taxes per bed to facilities required to remit such taxes. This analysis assumes this tax average is constant for all facilities across the state.
- The total potential property taxes that would be due from the Division without an exemption is estimated to be \$68,640 (\$715 x 96 beds).
- This analysis assumes ICFs will be responsible for paying PILOT in the amount of 25 percent of the property taxes that would be due without an exemption.
- The total recurring increase in expenditures to the Division is estimated to be \$17,160 (\$68,640 x 25.0%).
- Medicaid expenditures receive matching funds at a rate of 65.858 percent federal funds to 34.142 percent state funds.

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- The recurring increase in state expenditures resulting from requiring ICF facilities for IDD remitting PILOT to the local taxing jurisdiction is estimated to be \$5,859 (\$17,160 x 34.142%).
- The recurring increase in federal expenditures is estimated to be \$11,301 (\$17,160 x 65.858%).
- It is estimated that at least 30 privately-insured beds in facilities located in eligible counties across the state will have rates increased by an amount estimated to be \$715 per bed by the ICF/IID facility responsible for paying PILOT.
- The recurring increase in local revenue resulting from PILOT for privately-insured beds is estimated to exceed \$5,363 (30 beds x \$715 per bed x 25.0%).
- The total recurring increase in local revenue resulting from all PILOT payments is estimated to exceed \$22,523 (\$17,160 + \$5,363).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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